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Pakistan

Oilseeds and Products

Annual

2004

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Report Highlights:
Pakistan's production of oilseed, meal and oil are all expected to increase through greater availability of land resources, stronger market incentives and expanding demand for end-products reliant on oilseed product inputs. To meet rising consumer demand, more imports will be necessary. The country's new differential tax structure discourages import of soybeans to the detriment of the domestic solvent industry while encourages cross-board trade in meal from India. Ghee remains very popular thus demand for palm oil should remain strong. U.S. concession programs, not used for a few years now, assisted the last large import of U.S. soybeans and products into the country.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Islamabad [PK1]
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Executive Summary

Pakistan is the world's third largest importer of edible oil. Edible oil imports represent the country's second largest import expenditure after energy resources. Oilseeds production is highlighted by the government as an important way of saving scarce foreign exchange. Despite this focus, efforts to increase production have not been very successful for a number of reasons and significant increases appear unlikely for the foreseeable future.

MY 2004/05 oilseeds production is forecast to increase 14 percent on anticipated expansion in cottonseed and sunflower-seed planted area. Over the past several years oilseed imports have increased sharply in response to government policy designed to support the domestic solvent extraction industry. This policy intent is to enable local producers to capture the value-added benefits from local meal and oil production and, in that way, enhance development of a viable industry necessary to stimulate local oilseed production.

MY 2004/05 meal production is forecast to increase 12 percent due to anticipated expansion in domestic oilseed production and higher import of oilseeds. Local processors had been importing soybeans to satisfy growing demand from the poultry sector. However, rising international prices and a new 20 percent sales tax levy on oilseeds are discouraging imports of whole beans. The inclusion rate of soybean meal in mixed feed formulation has increased to 15 percent in response to demand for quality feed in the poultry and livestock sectors.

In MY 2004/05 oil imports are forecast to increase 4 percent mainly due to increasing consumption requirements. Palm oil is the main oil imported. However, growing awareness of the unhealthiness of saturated oil is emerging. A growing number of consumers now prefer liquid oils to 'ghee", but remain dissuaded by price

OILSEEDS

Production

MY 2004/05 total oilseed production is forecast to increase, up by 14 percent over the prior year's output. The combined economic incentives (offered for sunflower and cottonseed oil) , weather factors and marketing problems of competitor crops necessitating conversion to shorter season crops are spurring further acreage shift to cottonseed and sunflower seed.

MY 2003/04 oilseeds production increased to 3.85 MMT due mainly to increased production of cottonseed, sunflower seed and rapeseed driven by acreage shift to those commodities for the above stated reasons as well.

Cottonseed:

Pakistan's principle oilseed crop, cottonseed, typically accounts for about 90 percent of total domestic oilseed production. Cottonseed is grown primarily for lint, the basic input for Pakistan's important textile industry. Oil and meal are secondary products.

MY 2004/05 cottonseed production is forecast to increase 13 percent over the prior year's output on strength of larger area planted resulting from a shift from sugar cane. In recent years the turmoil besetting the sugar cane industry has led to lower market returns to producers who, in turn, have shifted a substantial amount of acreage to alternative crop production.

MY 2003/04 cottonseed production increased 3 percent due mainly to expansion in production area. However, yield levels were negatively affected by a late-season virus (when fungicide stocks were limited) and untimely rains in the cotton growing areas of the country, as reported previously.

Rapeseed:

Traditionally, rapeseed is produced for use in fodder (mixed with wheat) and for oil. Rapeseed accounts for 6-8 percent of total oilseed production. The Government's stated goal is to increase production of canola, but has made little progress towards achieving this goal during the last few years. Efforts to replace rapeseed and mustard seed with high-yielding canola have not advanced substantially due to lack of good quality seed, low farm-gate prices and problems marketing the higher value product.

MY 2004/05 rapeseed production is forecast to increase 3 percent based on the projected expansion in planted area and improvement in yields. As with cottonseed, MY 2003/04 rapeseed production increased 6 percent mainly due to expansion in production area.

Sunflower seed:

MY 2004/05 sunflower seed production is forecast to increase substantially, over 70 percent, on the basis of: (1) higher farm gate price (Rs. 670 per 40 Kgs as offered by the solvent industry), (2) higher price for cotton should encourage allowing plants to fully mature before harvest. Net result is a shorter growing season for a second crop commodity which supports sunflower seed selection, (3) lower return on alternative crops such as wheat (farmers could only receive 80-85 percent of the government's support price).

MY 2003/04 sunflower seed production increased over 70 percent above the previous harvest, one that had been adversely affected by a large shift to wheat and vegetable production in response to stronger market prices.

Government Support

Oilseed production is encouraged through a support price mechanism designed to generate a higher farm-gate price with no government procurement. Several years back the then Military government, under a commitment to the Asian Development Bank (ADB), shifted public policy from one of direct price support to one of infrastructure development (i.e., production technology, procurement and market infrastructure). The current government reintroduced the Minimum Guaranteed Price System for major crops, justifying is policy shift as a safeguard measure in the event market prices decline to steeply.

Rather than view as a competitor, some officials are realizing that oilseed imports are necessary to spur development of a viable processing industry, thus stimulate demand for local oilseed. Some officials increasingly appear to believe that large oil imports–not oilseed imports--constrain development of a viable domestic processing industry, the catalyst for increasing domestic oilseed production. However, their view is not widely supported as evidenced by the current tax policy. In MY 2004/05, the solvent extraction industry, in collaboration with seed companies, announced a minimum purchase price from farmers for domestic oilseeds, an action likely to spur cultivation of oilseeds in the country. In previous years, the solvent industry is known to have paid a 10-15 percent premium above the announced minimum purchase price.

Consumption

Pakistan's crushing industry consists of older, inefficient single-function facilities along with newer solvent extraction plants. Industry capacity is estimated at 5 MMT, with older plants holding 3.5 MMT and newer plants holding 1.5 MMT. During the 1990's the solvent extract industry was estimated to have been operating at below 50 percent of installed capacity. With raw material more readily availability thru importation, the solvent industry is now operating at an estimated 75 - 80 percent of installed capacity.

Trade

MY 2004/05 oilseed trade is forecast to expand 6 percent as crushing margins improve with recent changes to the import duty structure. Imports are expected to consist of: rapeseed/canola (550,000 MT), sunflower seed (250,000 MT) and soybeans (50,000 MT). In June 2003, the GOP exempted all oilseeds from custom duty but imposed a 20 percent sales tax. This action encouraged import of rapeseed and sunflower seed over soybeans because the sales tax applied for the meal by-product differed by commodity. All vegetable oils are assessed a flat 15 percent sales tax. In recent years, U.S. soybeans have entered the market under the U.S. PL-480 and 416(b) programs.

MY 2003/04 oilseed imports increased 12 percent due mainly to lower tariffs on oilseed and higher tariffs on meal and oil which influenced crush margins significantly. Changes allowed the industry (and the economy) to capture the value-added benefits from local crush, mainly at the expense of imported Indian soybean meal and palm oil. Rapeseed/canola seeds are sourced primarily from Canada and Australia while sunflower-seed arrives from the Ukraine and Russia.

Table 1: Oilseed Imports (MT)

Commodity	MY 2002/03	MY 2003/04	MY 2004/05
Canola/rapeseed	461,000	500,000	550,000
Sunflower seed	88,000	250,000	250,000
Soybeans	170,000	50,000	50,000
Total	**719,000**	**800,000**	**850,000**

Table 2. Total Oil seeds Production, Supply and Demand

Commodity:	**TOTAL OILSEEDS**					
		2002		**2003**		**2004**
	USDA Offic	Rev Est	USDA Offic	Estimate	USDA Offic	Forecast
Market Year Begin		**10/2002**		**10/2003**		**10/2004**
Area Planted	3536	3136	3356	3494	0	3674
Area Harvested	3132	3132	3356	3464	0	3674
Beginning Stocks	0	0	0	0	0	0
Production	3696	3684	3639	3854	0	4391
MY Imports	750	719	780	800	0	850
MY Imp. from U.S.	125	42	75	25	0	25
MY Imp. from the EC	0	558	0	0	0	775
TOTAL SUPPLY	4446	**4403**	4419	**4654**	0	**5241**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	3834	3794	3800	4015	0	4521
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Seed Waste Dm.Cn.	612	609	619	639	0	720
Total Dom. Consumption	4446	4403	4419	4654	0	**5241**
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	4446	**4403**	4419	**4654**	0	**5241**
Calendar Year Imports	350	558	400	650	0	675
Calendar Yr Imp. U.S.	0	42	0	25	0	25
Calendar Year Exports	0	0	0	25	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 3. Cotton seed Production, Supply and Demand

Commodity	Oilseed, Cottonseed			(1000 HA)(1000 MT)		
	2002 Official	Revised Estimate	2003 Official	Post Estimate	2004 Official	Post Forecast
Market Year Begin		10/2002		10/2003		10/2004
Area Planted (COTTON)	3200	2800	3000	3100	0	3200
Area Harvested(COTTON)	2796	2796	3000	3070	0	3200
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	3396	3384	3309	3484	0	3920
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	3396	3384	3309	3484	0	3920
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	2887	2876	2807	2961	0	3332
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cm.	509	508	502	523	0	588
TOTAL Dom. Consumption	3396	3384	3309	3484	0	3920
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	3396	3384	3309	3484	0	3920
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 4: Sunflower-seed Production, Supply and Demand

Commodity	Oilseed, Sunseed				(1000 HA)(1000 MT)	
	2002 USDA	Revised Estimate	2003 USDA	Revised Estimate	2004 USDA	Post Forecast
Market Year Begin		10/2002		10/2003		10/2004
Area Planted	0	65	0	110	0	184
Area Harvested	65	65	73	110	0	184
Beginning Stocks	0	0	0	0	0	0
Production	77	77	88	133	0	228
MY Imports	100	88	130	250	0	250
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	30	0	250	0	250
TOTAL SUPPLY	177	165	218	383	0	478
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	166	149	200	345	0	430
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	11	16	18	38	0	48
TOTAL Dom. Consumption	177	165	218	383	0	478
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	177	165	218	383	0	478
Calendar Year Imports	0	30	0	200	0	225
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 5: Rapeseed Production, Supply and Demand

Commodity	Oilseed, Rapeseed				(1000 HA)	
	2002 USDA	Revised Estimate	2003 USDA	Revised Estimate	2004 USDA	Forecast
Market Year Begin		10/2002		10/2003		10/2004
Area Planted	0	269	0	282	0	290
Area Harvested	269	269	282	282	0	290
Beginning Stocks	0	0	0	0	0	0
Production	221	221	241	235	0	241
MY Imports	425	461	450	500	0	550
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	400	0	500	0	500
TOTAL SUPPLY	646	682	691	735	0	791
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	566	614	603	662	0	712
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	80	68	88	73	0	79
TOTAL Dom. Consumption	646	682	691	735	0	791
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	646	682	691	735	0	791
Calendar Year Imports	350	400	400	400	0	400
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 6: Soybean Production, Supply and Demand

Commodity	Oilseed, Soybean				(1000 HA)(1000 MT)	
	2002 USDA	Revised Estimate	2003 USDA	Revised Estimate	2004 USDA	Forecast
Market Year Begin		10/2002		10/2003		10/2004
Area Planted	0	2	0	2	0	2
Area Harvested	2	2	1	2	0	2
Beginning Stocks	0	0	0	0	0	0
Production	2	2	1	2	0	2
MY Imports	225	170	200	50	0	50
MY Imp. from U.S.	125	42	75	25	0	25
MY Imp. from the EC	0	128	0	25	0	25
TOTAL SUPPLY	227	172	201	52	0	52
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	215	155	190	47	0	47
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	12	17	11	5	0	5
TOTAL Dom. Consumption	227	172	201	52	0	52
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	227	172	201	52	0	52
Calendar Year Imports	0	128	0	50	0	25
Calendar Yr Imp. U.S.	0	42	0	25	0	25
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

OIL MEAL

Production

MY 2004/05 oilseed meal production is forecast to increase 12 percent on the strength of higher cottonseed production and larger quantities of rapeseed/sunflower seed imports for domestic processing. The domestic crushing industry traditionally produced a product consisting of about 75 percent cottonseed, 15 percent rapeseed and 6 percent soybean. With the new tax structure and renewed availability of soybean meal from India incentives are no longer present for import and process of whole soybeans. However, over the next 3-5 years, the Pakistani feed sector will need to develop alternative sources of soybean meal to meet expanding requirements as India is expected to retain more of its “exportable” supplies to meet domestic needs.

MY 2003/04 meal production increased about 3 percent due to the large, early season imports of oilseeds.

Consumption

MY 2004/05 meal disappearance is expected to increase as competitiveness within and between the poultry and livestock sectors drive producers to using higher-quality inputs in feed formulations (i.e. use higher protein rations) in order to improve production efficiencies. This is most evident within the poultry sector, now in expansion mode to meet consumer demand for white meat that is perceived as a healthier protein source. Traditional feed rations are inadequate and contain little or no protein. Feed millers, more conscious now about meal quality, are applying soybean meal at an inclusion rate of 15 percent, up from the traditional 5-7 percent, thus creating an environment that is encouraging rapid disappearance of higher quality protein meal.

The avian influenza outbreak in Karachi and adjacent territories has elevated concern among consumers, negatively affecting demand for poultry meat thus production inputs such as protein meals. This situation is expected to fade as consumers realize the negligible risk to human health with proper preparation of poultry based meals.

Trade

Of all meals imported, soybean meal is the most common with India holding the advantage on both price and freight. During MY 2004/05, soybean meal imports are projected to increase in response to greater domestic demand resulting from the resumption of rail links between Pakistan and India. In past years Pakistan has imported large quantities of soybeans under the USDA’s 416(b) and PL-480 programs.

Table 7: Total Oil Meal Production, Supply and Demand

Country:	**Pakistan**					
Commodity:	**TOTAL OIL MEALS**					
		2002		**2003**		**2004**
	USDA Offic	Rev Est	USDA Offic	Estimate	USDA Offic	Forecast
Market Year Begin		**10/2002**		**10/2003**		**10/2004**
Crush	3834	3794	3800	4015	0	4521
Extr. Rate	0.476525820	.469952560	.473947370	.4587796	#DIV/0!	0.4580845
Beginning Stocks	0	0	0	0	0	0
Production	1827	1783	1801	1842	0	2071
MY Imports	70	5	100	40	0	80
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1897	**1788**	1901	**1882**	0	**2151**
MY Exports	0	20	0	30	0	50
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	1897	1768	1901	1852	0	2101
Total Dom. Consumption	1897	1768	1901	1852	0	**2101**
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1897	**1788**	1901	**1882**	0	**2151**
Calendar Year Imports	0	5	0	50	0	75
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	30	0	40
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 8: Cottonseed Meal Production, Supply and Demand

Commodity	Meal, Cottonseed				(1000 MT)	
	2002 Official	Revised Estimate	2003 Official	Estimate Estimate	2004 Official	Forecast Estimate
Market Year Begin		10/2002		10/2003		10/2004
Crush	2887	2876	2807	2961	0	3332
Extr. Rate, 999.9999	0.4599931	0.460014	0.459922	0.45998	0	0.460084
Beginning Stocks	0	0	0	0	0	0
Production	1328	1323	1291	1362	0	1533
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1328	1323	1291	1362	0	1533
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	1328	1323	1291	1362	0	1533
TOTAL Dom. Consumption	1328	1323	1291	1362	0	1533
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1328	1323	1291	1362	0	1533
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 9: Sunflower-seed Meal Production, Supply and Demand

Commodity	Meal, Sun-seed				(1000 MT)	
	2002 USDA	Revised Estimate	2003 USDA	Revised Estimate	2004 USDA	Forecast
Market Year Begin		10/2002		10/2003		10/2004
Crush	166	149	200	345	0	430
Extr. Rate, 999.9999	0.439759	0.42282	0.435	0.42029	0	0.42093
Beginning Stocks	0	0	0	0	0	0
Production	73	63	87	145	0	181
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	73	63	87	145	0	181
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	73	63	87	145	0	181
TOTAL Dom. Consumption	73	63	87	145	0	181
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	73	63	87	145	0	181
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 10: Rapeseed Meal Production, Supply and Demand

Commodity	Meal, Rapseed				(1000 MT)	
	2002 USDA	Revised Estimate	2003 USDA	Revised Estimate	2004 USDA	Forecast
Market Year Begin		10/2002		10/2003		10/2004
Crush	566	614	603	662	0	712
Extr. Rate, 999.9999	0.4523	0.44951	0.45274	0.45015	0	0.44944
Beginning Stocks	0	0	0	0	0	0
Production	256	276	273	298	0	320
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	256	276	273	298	0	320
MY Exports	0	20	0	30	0	50
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	256	256	273	268	0	270
TOTAL Dom. Consumption	256	256	273	268	0	270
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	256	276	273	298	0	320
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	20	0	30	0	40
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 11: Soybean Meal Production, Supply and Demand

	2002 USDA	Revised Estimate	2003 USDA	Revised Estimate	2004 USDA	Forecast
Market Year Begin		10/2002		10/2003		10/2004
Crush	215	155	190	47	0	47
Extr. Rate, 999.9999	0.7907	0.780645	0.789474	0.78723	0	0.78723
Beginning Stocks	0	0	0	0	0	0
Production	170	121	150	37	0	37
MY Imports	70	5	100	40	0	80
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	240	126	250	77	0	117
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	240	126	250	77	0	117
TOTAL Dom. Consumption	240	126	250	77	0	117
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	240	126	250	77	0	117
Calendar Year Imports	0	5	0	50	0	75
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

OILS

Production

Pakistan is a deficit producer of edible oil, able to meet only 30-33 percent of consumption requirements despite best efforts by the government to increase domestic production of oilseed crops. MY 2004/05 oil production is forecast to increase 13 percent based on expected rises in domestic oilseed production and imports. Of domestic production cottonseed oil accounts for 46 percent, rapeseed oil accounts for 33 percent, and sunflower oil accounts for 20 percent. Share of oil produced from domestic oilseeds is expected to rise due to increased planting of sunflower-seed and cottonseed in response to stronger market demand for cotton and by the solvent extraction industry.

Consumption

MY 2004/05 edible oil consumption is forecast to increase about 4 percent based on economic and population expansion. “Ghee” (i.e., shortening) which accounts for 70 percent of oil disappearance, is produced virtually totally from palm and cottonseed oil. There is a growing awareness of the negative health effects of saturated oils, particularly palm oil and consumers are, when they can afford it, shifting from “ghee” to liquid oils.

Trade

Pakistan is one of the world’s largest vegetable oil importers. Imported edible oils represent the second single largest expenditure of foreign exchange by the country. In effort to address the toll on the country’s foreign exchange reserve, the government is encouraging domestic production of oilseeds and oil. Despite this rhetoric, production remains basically stagnant. The domestic market structure is inefficient, thus returns on oilseeds and by-products are weak and non-competitive with product sourced from the international market.

Pakistan is a price-sensitive market with relative prices for oils affecting the final import mix. Palm oil is the cheapest, thus principal oil imported. With palm oil suppliers offering "flexibility" in contract terms and specifications that product is made even more attractive. However, with consumers’ growing awareness of the health qualities of vegetable oils, domestically produced liquid oils are expected to garner a larger share in the Pakistani diet, at the expense of imported palm oil.

MY 2004/05 oil imports are forecast to increase 4 percent to 1.49 MMT.

During MY 2003/04, oil imports jumped 7 percent mainly due to attractive international prices over the last 6 months of 2003 and fear of a smaller cotton crop. The Duty and Tax Remission for Exports (DTRE) for Afghanistan and 20 percent sales tax exemption on imports for Federally Administrative Tribal Areas (FATA) also supported this surge in imports. Palm oil increase was attributed to greater availability of low-priced palm olean, which is often blended with other liquid oils. In June 2002 the government lowered the import duty on palm olean, making that duty par with soybean oil. At the same time the duty on sunflower and rapeseed oils was raised which discouraged trade of such products.

Table 12: Oil Tariffs and Taxes

Commodity	Custom Duty	Sales Tax
RBD Palm Oil	Rs. 10,850	20 percent
RBD Palm Olein	Rs. 9,100	20 percent
Soybean Oil	Rs. 9,100	20 percent
Sunflower Oil	Rs. 15,650	20 percent
Canola Oil	Rs. 10,200	20 percent

Stock

Typically Pakistan retains oil stocks levels equivalent to two months supply. Stocks are held both by producers and traders.

Table 13: Total Oil Production, supply and Demand

Country:	**Pakistan**					
Commodity:	**TOTAL OILS**					
		2002		**2003**		**2004**
	USDA Offic	Rev Est	USDA Offic	Estimate	USDA Offic	Forecast
Market Year Begin		**10/2002**		**10/2003**		**10/2004**
Crush	3834	3794	3800	4015	0	4521
Extr. Rate	0.1517997	0.1494464	9 0.1568421	0.1591531	8 #DIV/0!	0.1596992
Beginning Stocks	128	158	125	168	0	168
Production	582	567	596	639	0	722
MY Imports	1442	1332	1580	1430	0	1490
MY Imp. from U.S.	60	38	55	40	0	50
MY Imp. from the EC	0	0	0	0	0	40
TOTAL SUPPLY	2152	**2057**	2301	**2237**	0	**2380**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	92	84	95	91	0	96
Food Use Dom. Consump.	1810	1774	1934	1945	0	2082
Feed Waste Dom.Consum.	35	31	37	33	0	34
Total Dom. Consumption	1937	1889	2066	2069	0	**2212**
Ending Stocks	125	168	135	168	0	168
TOTAL DISTRIBUTION	2062	**2057**	2201	**2237**	0	**2380**
Calendar Year Imports	0	1333	0	1270	0	1275
Calendar Yr Imp. U.S.	0	38	0	0	0	50
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 14: Cottonseed Oil Production, Supply and Demand

PSD Table						
Country	**Pakistan**					
Commodity	**Oil, Cotseed**				(1000 MT)	
	2002	Revised	2003	Post	2004	Post
	Official	Estimate	Official	Estimate	Official	Forecast
Market Year Begin		10/2002		10/2003		10/2004
Crush	2887	2876	2807	2961	0	3332
Extr. Rate, 999.9999	0.100104	0.100139	0.1001069	0.099966	0	0.09994
Beginning Stocks	10	15	10	15	10	15
Production	289	288	281	296	0	333
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	299	303	291	311	10	348
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	26	26	26	27	0	30
Food Use Dom. Consump.	260	259	252	266	0	300
Feed Waste Dom. Consum	3	3	3	3	0	3
TOTAL Dom. Consumption	289	288	281	296	0	333
Ending Stocks	10	15	10	15	0	15
TOTAL DISTRIBUTION	299	303	291	311	0	348
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 15: Sunflower-seed Oil Production, Supply and Demand

Commodity	Oil, Sunseed				(1000 MT)	
	2002	Revised	2003	Revised	2004	Forecast
	USDA	Estimate	USDA	Estimate	USDA	
Market Year Begin		10/2002		10/2003		10/2004
Crush	166	149	200	345	0	430
Extr. Rate, 999.9999	0.39759	0.342282	0.4	0.33913	0	0.33953
Beginning Stocks	1	3	3	3	3	3
Production	66	51	80	117	0	146
MY Imports	2	0	25	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	69	54	108	120	3	149
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	66	51	105	117	0	146
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	66	51	105	117	0	146
Ending Stocks	3	3	3	3	0	3
TOTAL DISTRIBUTION	69	54	108	120	0	149
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 16: Rapeseed Oil Production, Supply and Demand

Commodity	Oil, Rapeseed				(1000MT)	
	2002 USDA	Revised Estimate	2003 USDA	Revised Estimate	2004 USDA	Forecast
Market Year Begin		10/2002		10/2003		10/2004
Crush	566	614	603	662	0	712
Extr. Rate, 999.9999	0.333922	0.33062	0.33333	0.32931	0	0.330056
Beginning Stocks	16	15	16	15	17	15
Production	189	203	201	218	0	235
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	205	218	217	233	17	250
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	5	6	6	7	0	7
Food Use Dom. Consump.	180	195	189	209	0	226
Feed Waste Dom. Consum	4	2	5	2	0	2
TOTAL Dom. Consumption	189	203	200	218	0	235
Ending Stocks	16	15	17	15	0	15
TOTAL DISTRIBUTION	205	218	217	233	0	250
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 17: Soybean Oil Production, Supply and Demand

Commodity	Oil, Soybean				(1000 MT)	
	2002 USDA	Revised Estimate	2003 USDA	Post Estimate	2004 USDA	Forecast
Market Year Begin		10/2002		10/2003		10/2004
Crush	215	155	190	47	0	47
Extr. Rate, 999.9999	0.176744	0.16129	0.17895	0.17021	0	0.17021
Beginning Stocks	5	15	6	20	5	20
Production	38	25	34	8	0	8
MY Imports	100	92	105	80	0	90
MY Imp. from U.S.	60	38	55	40	0	50
MY Imp. from the EC	0	0	0	40	0	40
TOTAL SUPPLY	143	132	145	108	5	118
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	9	3	9	3	0	3
Food Use Dom. Consump.	125	108	129	84	0	94
Feed Waste Dom. Consum	3	1	2	1	0	1
TOTAL Dom. Consumption	137	112	140	88	0	98
Ending Stocks	6	20	5	20	0	20
TOTAL DISTRIBUTION	143	132	145	108	0	118
Calendar Year Imports	0	60	0	70	0	75
Calendar Yr Imp. U.S.	0	38	0	40	0	50
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 18: Palm Oil Production, Supply and Demand

Commodity	Oil, Palm				(1000 MT)	
	2002 USDA	Revised Estimate	2003 USDA	Revised Estimate	2004 USDA	Forecast
Market Year Begin		10/2002		10/2003		10/2004
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	96	110	90	115	100	115
Production	0	0	0	0	0	0
MY Imports	1340	1240	1450	1350	0	1400
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1436	1350	1540	1465	100	1515
MY Exports	90	0	100	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	52	49	54	54	0	56
Food Use Dom. Consump.	1179	1161	1259	1269	0	1316
Feed Waste Consumption	25	25	27	27	0	28
TOTAL Dom. Consumption	1256	1235	1340	1350	0	1400
Ending Stocks	90	115	100	115	0	115
TOTAL DISTRIBUTION	1436	1350	1540	1465	0	1515
Calendar Year Imports	0	1273	0	1200	0	1200
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0